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and Toyo Tire U.S.A. Corp.**

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

TOYO TIRE & RUBBER CO., LTD., a Japanese corporation, and **TOYO TIRE U.S.A. CORP.**, a California corporation,

Plaintiffs,

V.

CIA WHEEL GROUP, a California Corporation, **DOUBLESTAR DONG FENG TYRE CO., LTD.**, a Chinese corporation, **QINGDAO DOUBLESTAR TIRE INDUSTRIAL CO, LTD**, a Chinese Corporation, **DOUBLESTAR GROUP CORP.**, a Chinese corporation; **HONG KONG TRI-ACE TIRE CO., LTD.**, a Chinese corporation; and, **JINLIN MA**, an individual;

Defendants.

Case No: 8:15-sacy-00246-DOC (DFMx)

**FIRST AMENDED COMPLAINT
FOR:**

1. TRADE DRESS INFRINGEMENT;
2. FRAUD;
3. BREACH OF CONTRACT;
4. UNFAIR COMPETITION;
5. DECLARATORY JUDGMENT OF PATENT INVALIDITY; AND
6. DECLARATORY JUDGMENT OF PATENT UNENFORCEABILITY

DEMAND FOR JURY TRIAL

Plaintiffs Toyo Tire & Rubber Co., Ltd. (“TTR”) and Toyo Tire U.S.A. Corp. (“TTC”; collectively “Toyo”), by and through their attorneys, allege as follows:

JURISDICTION AND VENUE

1. This is a civil action for trade dress infringement with substantial and related claims for fraud, breach of contract, enforcement of judgment, unfair competition, and a

1 claim to declare the invalidity and unenforceability of a United States patent of one of the
 2 defendants that is based on TTR's inventions. These claims arise under the Acts of
 3 Congress relating to trademarks, 15 U.S.C. § 1051 et seq. (the "Lanham Act"), and
 4 patents, 35 U.S.C. § 1 et seq., as well as the Declaratory Judgments Act, 28 to 28 U.S.C.
 5 §§ 2201 et seq. This Court has jurisdiction over the subject matter of this action pursuant
 6 to 28 U.S.C. §§ 1331, 1338, 1367, 2201 and 15 U.S.C. § 1121.

7 2. This Court has personal jurisdiction over the Defendants and venue is proper
 8 in this Judicial District pursuant to 28 U.S.C. §§ 1391(b), (c) and (d). Plaintiffs are
 9 informed and believe, and on that basis allege, that Defendants have conducted and
 10 continue to conduct business in this District and have engaged in the complained of
 11 activities in this Judicial District. Furthermore, Defendant Doublestar Dong Feng Tyre
 12 Co., Ltd. is already subject to a judgment in a prior suit brought by Toyo in this District,
 13 C.D. Cal. Case No. 8:14-cv-00054-CJC-JPR (Dkt. 10). Additionally, Defendant Hong
 14 Kong Tri-Ace Tire Co., Ltd. entered into a Settlement Agreement with Toyo from that
 15 action that identifies the Central District of California as having exclusive jurisdiction to
 16 address legal proceedings arising from that agreement.

THE PARTIES

18 3. Plaintiff TTR is a Japanese corporation with its corporate headquarters and
 19 principal place of business at 1-17-18 Edobori, Nishi-ku, Osaka 550-8661, Japan. Toyo
 20 Tire was established in 1945 and, after decades of growth and success, established Toyo
 21 Tire U.S.A. Corp., Nitto Tire U.S.A. Inc., Toyo Tire Holdings of Americas Inc., and Toyo
 22 Tire North America Manufacturing Inc. in the United States.

23 4. Plaintiff TTC is a California corporation with corporate headquarters and
 24 principal place of business located at 5665 Plaza Drive, Cypress, CA 90630. Plaintiff
 25 TTC is the exclusive importer and distributor of "Toyo" brand tires, including the Toyo
 26 Open Country M/T tires. TTC was the first subsidiary of a Japanese tire manufacturer to
 27 be established in the United States, starting out in a small office in southern California
 28 where it began warehousing and distributing commercial truck tires. Subsequently, TTC

1 began offering passenger and light truck replacement tires, and through a network of
2 independent tire dealers, grew the Toyo Tires brand in the United States. Toyo U.S.A.
3 currently sells a broad range of passenger and light truck tires, as well as commercial
4 truck and bus tires through a network of independent tire dealers.

5. Plaintiffs are informed and believe, and on that basis allege, that Defendant
6 CIA Wheel Group (“CIA”) is a California corporation with a principal place of business
7 located at 18400 E. Gale Ave., City of Industry, CA 91748. CIA does business as The
8 Wheel Group (“TWG”) and maintains a series of websites including
9 www.thewheelgroup.com, www.amp-tires.com, and www.wheel-1.com.

10. Plaintiffs are informed and believe, and on that basis allege, that Defendant
11 Doublestar Dong Feng Tyre Co., Ltd. (“DDF”) is a Chinese corporation with its principal
12 place of business located at No. 21 Hanjiang North Rd., Shiyan, Hubei, China 442011,
13 and a registered agent located at America A9 Enterprise Ltd., located at 6050 W.
14 Eastwood Avenue, #201, Chicago, IL 60630.

15. Plaintiffs are informed and believe, and on that basis allege, that Defendant
16 Qingdao Doublestar Tire Industrial Co. Ltd. (“QDT”) is a Chinese corporation with its
17 principal place of business located at 657 Fenghuangshan Road, Huangdao District,
18 Qingdao, China.

19. Plaintiffs are informed and believe, and on that basis allege, that Defendant
20 Doublestar Group Corp. (“DGC”) is a Chinese corporation with its principal place of
21 business located at 14th Floor, 1 Yueliangwan Road, Huangdao District, Qingdao, China.

22. Plaintiffs are informed and believe, and on that basis allege, that Defendant
23 Doublestar Group Corp. (“DGC”) is the parent corporation of DDF and QDT and that
24 DDF and QDT are sister corporations. DGC, DDF, and QDT will be collectively referred
25 to herein as the “Doublestar Entities.”

26. Plaintiffs are informed and believe, and on that basis allege, that Defendant
27 Hong Kong Tri-Ace Tire Co., Ltd. (“Tri-Ace”) is a Hong Kong corporation located at
28 Unit 602 6F, Causeway Bay Commercial Building 1 Sugar Street, Causeway Bay HK,

1 and another location at Unit 612.6/F, Guangzhou International Trade Building, No. 628
2 Gurangzhou Dadao Zhong, Tianhe, Guangzhou, China, and that Tri-Ace is engaged in the
3 business of manufacturing, using, exporting, importing, marketing, selling and/or offering
4 for sale in this Judicial District the tires at issue in this lawsuit.

5 11. Plaintiffs are informed and believe, and on that basis allege, that Defendant
6 Tri-Ace concentrates on the performance end of the market in both passenger and light
7 truck/SUV tires, including development of competition tires for rallying.

8 12. Plaintiffs are informed and believe, and on that basis allege, that Defendant
9 Tri-Ace has had frequent contacts with the United States in connection with its tires,
10 including booths at the SEMA Show in Las Vegas to promote to promote Tri-Ace tires
11 and its associated brands Mark Ma and Black Bear; and, in 2001, the setting up of Tri-
12 Ace Wheel & Tire Corp. in Tulsa, OK.

13 13. Plaintiffs are informed and believe, and on that basis allege, that Defendant
14 Jinlin Ma: (a) is a resident of Hong Kong and/or Taiwan; (b) is founder, owner and the
15 General Manager of Tri-Ace; and (c) was formerly a tire designer for South China Tire &
16 Rubber Co. Ltd. and Shandong Yongtai Chemical Co. Ltd. and that “Mark Ma” is the
17 anglicized version of Jinlin Ma’s name.

18 14. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma has
19 travelled frequently to the United States to promote Tri-Ace tires and its associated
20 brands. Such trips have involved speaking engagements at the SEMA Show in Las
21 Vegas.

22 15. Plaintiffs are informed and believe, and on that basis allege, that Defendants
23 are directly or indirectly engaged in the business of manufacturing, using, importing,
24 marketing, selling and/or offering for sale in this Judicial District the tires at issue in this
25 lawsuit, including the AMP M/T Terrain Master tire (“AMP M/T”).

26 16. CIA is also the owner of a U.S. design patent that was filed by Mr. Ma, the
27 designer of the AMP M/T tire. Tri-Ace and Mr. Ma had previously claimed control over
28 that patent.

1 17. Plaintiffs are informed and believe, and on that basis allege, that each of
2 these Defendants has ongoing and systematic contacts with this Judicial District, and has
3 placed the products accused of infringement herein into the stream of commerce knowing
4 and expecting that such products would end up in this Judicial District.

5 18. Plaintiffs are informed and believe, and on that basis allege, that these
6 Defendants act individually and in concert to direct the AMP M/T branded tires at issue
7 in this lawsuit to this Judicial District, availing themselves of ports in this Judicial District
8 and occupying business locations within this Judicial District, for the purpose of selling
9 the tires at issue in this lawsuit within this Judicial District and transporting said tires
10 from this Judicial District to other locations within the United States.

11 19. Plaintiffs are informed and believe, and on that basis allege, that this Judicial
12 District is a hub from which Defendants implement the importation, purchase, use,
13 marketing, sale and/or offer for sale of the infringing AMP M/T branded tires identified
14 herein.

15 20. The acts complained of herein by TTR and TTC arise out of the same
16 transaction, occurrence, or series of transactions or occurrences and involve common
17 questions of law and fact common to TTR and TTC.

FACTUAL BACKGROUND

19 21. The tire market in the United States consists of sales of original equipment
20 tires (for new vehicles) and replacement tires (for existing vehicles). Plaintiffs are
21 informed and believe, and on that basis allege, that in 2014, over 206 million automobile
22 replacement tires were sold in the United States, as compared to 46 million original
23 equipment tires. For light trucks, the sales figures were approximately 29 million
24 replacement tires and nearly 5 million original equipment tires. For medium and heavy
25 trucks, sales were about 17 million and 6 million, respectively. In 2014, U.S. replacement
26 tire sales totaled nearly 253 million units and \$37 billion.

Toyo and its Trade Dress Rights

27 22. In this market, Toyo has built a solid reputation around the world for sleek,

1 high quality tires. In the United States, Toyo Tires has repeatedly been named #1 Overall
 2 Brand by North American tire dealers in Tire Review magazine's Annual Tire Brand
 3 Study. Toyo offers consumers a wide range of tires to fit virtually any need and any type
 4 of vehicle under the "Toyo" and "Nitto" brands. Toyo's tire portfolio covers a broad
 5 range of applications — from the high-performance, racing-inspired "Proxes" and "NT"
 6 lines to the "Open Country" and "Grappler" lines for light trucks and SUVs, to the
 7 luxury-touring Versado LX, to a broad range of commercial truck tires.

8 23. Toyo's tires are specifically designed to provide unique and distinctive tread
 9 and sidewall appearance. Toyo has developed unique and distinctive tread and side wall
 10 patterns that visually set its tires apart from its competitors.

11 24. Toyo has a protectable trade dress in the overall appearance of its Open
 12 Country M/T tires, which was first introduced in 2003 under the Toyo brand. The Open
 13 Country M/T tire is a premium off-road maximum traction tire that combines solid on-
 14 road performance with extra ground clearance and higher load-carrying capacity and, for
 15 truck enthusiasts, a tread pattern with an aggressive appearance.

16 25. The Open Country M/T trade dress ("OPMT Trade Dress") is the "OPMT
 17 look," i.e., the overall visual appearance and impression conveyed by the Open Country
 18 M/T tire tread design.

19 26. The OPMT Trade Dress is arbitrary and inherently distinctive. The overall
 20 tread design of the OPMT Trade Dress is non-functional, for example, as demonstrated
 21 by the number of non-infringing, competing alternative tread patterns and designs
 22 employed by third-party tire manufacturers and retailers in the
 23 U.S. market as well as the global market.

24 27. A picture of the OPMT tire with the tread blocks
 25 colored in blue is shown to the right. As can be seen, the
 26 OPMT Trade Dress is characterized by an aggressive tread
 27 design with hook-shaped blocks and scalloped shoulder
 28 blocks.



1 28. The OPMT Trade Dress is aesthetically pleasing and, with its unique,
2 aesthetically aggressive appearance and significant sales volume, has acquired secondary
3 meaning such that it has become associated with the Toyo brand. That source-identifying
4 role regardless of functional aspect of any individual element of that trade dress.

5 29. The OPMT Trade Dress is not functional for several reasons. First, the trade
6 dress is not essential to the use or purpose of the tire or affects its cost or quality and is
7 thus non-functional. Many factors other than functionality went into the choice of the
8 design and, Toyo has other tires that, despite having distinctively different appearance,
9 work equally well in the mud and off-road environment. Second, Toyo's exclusive use of
10 the design does not put competitors at a significant non-reputation-related disadvantage.
11 Thus, trade dress protection for the OPMT tire leaves a variety of comparable alternative
12 features that competitors may use to compete in the market. Indeed, whether a particular
13 feature is functional has no bearing on whether the overall appearance of a combined set
14 of features plays a source-identifying role that is protectable under trade dress law.

15 30. Toyo has always been the exclusive source for Open Country M/T tires,
16 more than 2.3 million of which have been sold to customers throughout the United States
17 since 2003.

18 31. Since 2003, Toyo has built up valuable recognition and goodwill in its
19 distinctive OPMT Trade Dress. Toyo has expended, and continues to expend, substantial
20 time, effort, money, and other resources to develop and maintain the valuable goodwill
21 that has come to be associated with the Open Country M/T tires incorporating the unique
22 and recognizable OPMT Trade Dress.

23 32. Toyo has continuously and extensively advertised, marketed and promoted
24 its Open Country M/T tires in the United States, investing over \$22 million in such
25 activities, including advertising directed to the distinctive, non-functional aspects of the
26 appearance of the Open Country M/T tires.

27 33. As a result of Toyo's efforts, the OPMT Trade Dress has acquired secondary
28 meaning and distinctiveness among off-road tire consumers and members of the industry,

1 and it continues to have secondary meaning and distinctiveness. The Open Country M/T
2 tire, which prominently displays the OPMT Trade Dress, is now widely known and
3 recognized by its unique, ornamental and distinctive appearance, which identifies to off-
4 road tire consumers and members of the industry that its source of origin is Toyo. The
5 OPMT Trade Dress has come to be, and now is, well and favorably known to the public,
6 particularly to off-road tire consumers, as being associated with Toyo's high-quality tires.

7 34. Based on the foregoing, the OPMT Trade Dress has become and now is a
8 designation of origin of Toyo and a trademark owned by Toyo.

9 **The Commercial Relationship Between Tri-Ace and the Doublestar Entities**

10 35. Plaintiffs are informed and believe, and on that basis allege, that the molds
11 for all the various tires identified herein came from, and are owned and controlled by, Mr.
12 Ma and Tri-Ace.

13 36. Plaintiffs are informed and believe, and on that basis allege, that: (a) the
14 commercial relationship between Tri-Ace and the Doublestar Entities is that Tri-Ace
15 supplies molds to DDF, QDT, and/or DGC and enters into production contracts with
16 those companies, and (b) those companies then use those molds to manufacture tires for
17 Tri-Ace.

18 37. Plaintiffs are informed and believe, and on that basis allege, that after the
19 production has occurred, the Doublestar Entities sell the tires to Tri-Ace and/or Mr. Ma,
20 and then transfer the tires to a Chinese port for shipment to the United States and
21 elsewhere as directed by Tri-Ace and Mr. Ma.

22 38. Plaintiffs are informed and believe, and on that basis allege, that the
23 Doublestar Entities also sell the tires to other parties for ultimate distribution in the
24 United States.

25 39. Plaintiffs are informed and believe, and on that basis allege, that via this
26 relationship, Tri-Ace and the Doublestar Entities have formed an active partnership to
27 produce and sell tires for mutual profit.

28 40. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace

1 may also manufacture tires itself.

2 **Past Legal Actions Involving The OPMT Trade Dress**

3 **The ITC Action**

4 41. On September 13, 2013, following the submission of a complaint by Toyo,
 5 the U.S. International Trade Commission instituted an investigation captioned *In the*
 6 *Matter of Certain Tires and Products Containing Same*, No. 337-TA-894 (the “ITC
 7 Action”). Tri-Ace and DDF were named as respondents in that action, along with 14
 8 other respondents, who were either Chinese tire manufacturers or those that distribute
 9 tires made by them.

10 42. Among the accused tires in that action was a “Mark Ma Dakar M/T” tire that
 11 was made by DDF and distributed by Tri-Ace. The Mark Ma Tire was designed by Mr.
 12 Ma. The AMP M/T was not a tire at issue in the ITC case.

13 43. As the ITC case progressed, one group of the Respondents ignored the
 14 Complaint and was defaulted. Another group (including Tri-Ace) signed settlement
 15 agreements. DDF, after engaging in settlement negotiations with Toyo, ultimately did not
 16 sign a settlement agreement and instead filed, on January 19, 2014, a “Consent Order
 17 Stipulation” by which it agreed not to import the accused tires.

18 44. Toyo’s Settlement Agreement with the various Respondents that did settle –
 19 including Tri-Ace – followed a standardized template that was changed slightly as to the
 20 various Respondents who settled. One of Toyo’s goals for settlement was to eliminate
 21 other potential tire infringements claims as to other Toyo tires and intellectual property.
 22 As such, the Settlement Agreement covered two groups of tires: (a) the “Accused Tires,”
 23 that were subject to the patent claims in the ITC action; and (b) the tires that were listed
 24 on Ex. 4 to the Settlement Agreement that Toyo believed infringed other of its intellectual
 25 property, such as its trade dress rights in the OPMT tire. The AMP M/T tire was
 26 specifically listed on Ex. 4 and identified as infringing the OPMT trade dress. The Mark
 27 Ma Dakar II tire was also listed as an OPMT trade dress infringement.

28 45. The Settlement Agreement was signed on January 31, 2014 on behalf of Tri-

1 Ace by Mr. Ma as General Manager.

2 46. In the Settlement Agreement, Tri-Ace, via its signatory Ma, agreed as
 3 follows respect to its infringement of the OPMT Trade Dress (as well as its infringement
 4 of other Toyo intellectual property):

- 5 a. ¶¶ 1.7/4.1: cease all manufacture and sale of the accused tires, including the
 AMP M/T tire, *anywhere in the world*;
- 6 b. ¶ 2.3: destroy the molds used to manufacture the AMP M/T tire, including
 molds that had been provided to any manufacturers and provide a
 confirming declaration (¶ 2.5);
- 7 c. ¶ 1.10: to “file the appropriate documents nullifying any intellectual
 property protection it received, or applied for, from any government agency
 in the United States or anywhere in the world...include[ing] [U.S. Design
 Patent No.] D691,943 (filed with the USPTO in March 2013)”;
- 8 d. ¶ 1.12: it warranted that Jinlin Ma, as an individual, had “full authority,
 competence and power to bind it and the Tri-Ace Entities to this Agreement
 and all of the terms hereof”; and
- 9 e. ¶ 4.2: that upon discovery of a breach, Toyo would be entitled to immediate
 injunctive relief and a 20% royalty on the prohibited sales.

10 47. The inclusion of the ‘943 Patent in the Tri-Ace Settlement Agreement at ¶
 11 1.10 was made because it appeared to cover one of the Mark Ma Dakar tires at issue and
 12 because Ma was listed as the inventor. To ensure that that the cancellation would be done,
 13 the Settlement Agreement included the provisions of ¶ 1.12.

14 48. Plaintiffs are informed and believe, and on that basis allege that During the
 15 negotiations leading up to the January 31, 2014 Settlement Agreement (“Settlement
 16 Agreement”) between Toyo and Tri-Ace, Tri-Ace and Mr. Ma deliberately suppressed
 17 any information regarding their involvement with the AMP M/T tire. Ma also suppressed
 18 the fact that he had previously sold and assigned the ‘943 patent to CIA and which relates
 19 to one of the Mark Ma Dakar and the AMP M/T tires. The AMP M/T tire is virtually

1 indistinguishable from one of the Mark Ma Dakar tires and both appear to be reflected in
 2 the design in the '943 Patent, as shown below:



12 49. Based on what Toyo knew at the time of the Settlement Agreement with Tri-
 13 Ace, it Toyo moved to terminate the ITC case relative to Tri-Ace after Ma signed the
 14 Settlement Agreement, as well as the California Action referenced below.

15 50. Regarding DDF, during
 16 the time of its settlement negotiations
 17 with DDF, Toyo supplied DDF with a
 18 Manufacturer Settlement Questionnaire
 19 regarding the tires at issue in that
 20 action. That Questionnaire was directed
 21 two the two groups of tires: (a) the
 22 "Accused Tires" as defined in the ITC
 23 action, which included the Mark Ma
 24 Dakar Tire; and (b) the tires that were
 25 listed on Ex. 4 to a Draft Settlement
 26 Agreement, which is the same Ex. 4 as
 27 to the Settlement Agreement that was
 28 executed by Tri-Ace.

MANUFACTURER SETTLEMENT QUESTIONNAIRE

1. Identify any other name, designation or label which the Accused Tire is known by.
MARK MA-TUFF M/T
2. Identify the ports of entry at which the Accused Tires arrive in the United States, and all entities to your knowledge in any way connected to or involved with the importation of the Accused Tires into the United States.
LONGBEACH,MIAMI, HONGKONG TRI-ACE TIRE CO.,LTD
3. Identify the date you, your parents, divisions, subsidiaries, affiliates, successors, and/or assigns, and/or directors, officers, and/or employees of any of them, began manufacturing the Accused Tires.
MARK MA May, 04, 2013
4. Identify, on a monthly or quarterly basis the volume of Accused Tires you have manufactured since the date provided in response to Question 3.
MARK MA total: 5414PCS (from May 04,2013 to Aug 15,2013)
5. Identify the entity(ies) that do now or have ever purchased the Accused Tires from you. For each entity, provide the first date and the most recent date on which you sold the Infringing Tires.
HONGKONG TRI-ACE TIRE CO.,LTD The earliest date of purchase: May 14,2013,
The latest date of purchase: July 04,2013.
6. Provide, by entity, on a monthly or quarterly basis the volume of Accused Tires that you sold to all entities identified in response to Question 5.
HONGKONG TRI-ACE TIRE CO.,LTD MARK MA-DAKAR M/T 2458PCS
7. Provide the address of all entities identified in response to Question 5.
HONGKONG TRI-ACE TIRE CO.,LTD:
address : Unit 612,6/F GUANGZHOU INTERNATIONAL TRADE BUILDING,NO.628 GUANGZHOU DADAO ZHONG,TIANHE,GUANGZHOU
8. State whether any entity asked you to provide any of the Accused Tires on an OEM basis, and if so, identify all such entities.
YES,OEM, HONGKONG TRI-ACE TIRE CO.,LTD
9. Identify which of, if any, of the tires listed in Exhibit 4 to the Draft Settlement Agreement you manufacture other than the Accused Tires.
TRI-ACE-FUEL M/T
10. Provide the address of all entities identified in response to this Questionnaire.
HONGKONG TRI-ACE TIRE CO.,LTD Unit 612,6/F GUANGZHOU INTERNATIONAL TRADE BUILDING,NO.628 GUANGZHOU DADAO ZHONG,TIANHE,GUANGZHOU
11. Identify all molds you (a) own and/or (b) were provided to you and/or (c) were provided the blueprints of in order that the molds be built, where such molds are or have been used in the creation of the Accused Tires.

1 51. That Questionnaire had several questions relevant to this action: (a)
 2 Question 2, which asked for the port of entry of the tires into the United States; (b)
 3 Question 5, which asked for the purchaser of the tires; (c) Question 8, which asked for the
 4 identity of the entity that had requested manufacture of the tires; (d) Question 9, which
 5 asked which tires on Ex. 4 were manufactured; and (e) Question 11(b), which asked for
 6 an identification of who owned the molds that were provided to DDF.

7 52. Plaintiffs are informed and believe, and on that basis allege that DDF
 8 arranged for Tri-Ace and Mr. Ma to respond to the Questionnaire, further demonstrating
 9 the close coordination among them. Mr. Ma filled out the Questionnaire on DDF's behalf.
 10 Weijie Song of DDF then signed it and it was and supplied it to Toyo in December 2013.

11 53. That Questionnaire confirmed the following integrated commercial
 12 relationship between Tri-Ace and the DDF: (a) the tires entered the United States at Long
 13 Beach, California; (b) Tri-Ace purchased the tires from DDF; (c) DDF did OEM
 14 manufacturing for Tri-Ace; and (d) Tri-Ace owned the molds.

15 54. Plaintiffs are informed and believe, and on that basis allege, that while
 16 providing the forgoing information in response to Questions 2, 5, 8, and 11(b), DDF, Tri-
 17 Ace and Mr. Ma deliberately misrepresented and suppressed their involvement in the
 18 AMP M/T tire in response to Question 9, which had asked "Identify which, if any, of the
 19 tires listed in Exhibit 4 to the Settlement Agreement you manufacture other than the
 20 Accused Tires." The response of Tri-Ace and DDF was "TRI-ACE FUEL M/T." The
 21 AMP M/T, which was listed on Ex. 4, was not identified on the response to Question 9.

22 55. At all times prior the Tri-Ace Settlement Agreement and DDF's Consent
 23 Order, Tri-Ace, Ma and DDF deliberately misrepresented and suppressed all information
 24 regarding their involvement with the AMP M/T tire.

25 56. On August 19, 2014, Mr. Ma executed a Certificate of Destruction on behalf
 26 of Tri-Ace in which he attested under penalty of perjury to the destruction of all
 27 infringing molds in Tri-Ace/Ma's own possession and in the possession of any
 28 manufacturers. The Certificate further certified that the molds had been so completely

1 destroyed as to be incapable of being
 2 repaired. That Certificate was both false
 3 and perjurious because the AMP M/T
 4 molds (and perhaps others) were not
 5 destroyed.

6 57. This Certificate continued
 7 the pattern of misrepresentation and
 8 suppression of information relative to the
 9 AMP M/T tire.

10 58. Plaintiffs are informed and believe, and on that basis allege, that such
 11 suppression was done because Tri-Ace, Mr. Ma and the Doublestar Entities intended to
 12 induce Toyo to settle the ITC case, and then continue to manufacture the AMP M/T tire
 13 for ultimate sale in the United States by CIA and elsewhere by others.

14 59. Plaintiffs are informed and believe, and on that basis allege that an
 15 additional reason for the foregoing chicanery was due to Ma's relationship with CIA, the
 16 US distributor of the AMP M/T to which Ma had assigned the '943 Patent, which relates
 17 to both the Mark Ma Dakar and AMP M/T tires. The tread design of the '943 Patent
 18 copied the OPMT tire tread, which Mr. Ma did not design. The '943 Patent was an
 19 attempted to appropriate the OPMT that design for himself for use in profiting from the
 20 OPMT design. The '943 patent is invalid because it was filed in 2013, some ten years
 21 after the first sale of the OPMT tire.

22 60. The '943 Patent was not nullified because Mr. Ma did not own it as of the
 23 time of the Tri-Ace Settlement Agreement, and because Ma's warranty and representation
 24 regarding the power to cancel the patent was false. Instead, as CIA has admitted in its
 25 prior Answer (Dkt. 17, ¶ 35) that the '943 patent was assigned (i.e., sold and transferred)
 26 by Ma to CIA in March 2013, some nine months before Tri-Ace signed the Settlement
 27 Agreement. The U.S. PTO records reflect that Paul Yang of CIA was the person with
 28 whom the PTO corresponded during prosecution of the patent.

Certificate of Destruction

This Certificate of Destruction is being provided to Toyo Tire & Rubber Co., Ltd., Toyo Tire Holdings of Americas Inc., Toyo Tire U.S.A. Corp., Nitto Tire U.S.A. Inc., and Toyo Tire North America Manufacturing Inc. (collectively, the "Toyo Parties"), pursuant to Paragraphs 2.2 and 2.5 of that certain Confidential Settlement Agreement, dated January 31, 2014, among the undersigned and the Toyo Parties (the "Settlement Agreement").

Under penalties of perjury, the undersigned hereby certifies the following:

- A. undersigned has returned or destroyed all Accused Tires (as defined in the Settlement Agreement) and all tires listed on Exhibit 4 of the Settlement Agreement in its inventory; and
- B. all molds undersigned (i) owns and/or (ii) provided to manufacturers and/or (iii) provided the blueprints of to manufacturers in order that the molds be built, where such molds are or have been used in the creation of the Accused Tires and/or any tire listed on Exhibit 4 of the Settlement Agreement have been destroyed, thereby rendering such molds incapable of use or repair.

The undersigned have caused this Certificate of Destruction to be executed as of August 19, 2014.

For and on behalf of HONGKONG TRI-ACE TIRE CO., LTD.
HONGKONG TRI-ACE TIRE CO., LTD.
 香港美路士輪胎有限公司

 Name:
 Title: President

61. Plaintiffs are informed and believe, and on that basis allege that Mr. Ma and Tri-Ace were in the position as of the time of the Settlement Agreement of: (a) having already sold to CIA a design patent that covered both one of the Mark Ma Dakar tires and the AMP M/T tire; (b) knowing that CIA believed it owned the design patent and the rights to the AMP M/T tire; and (c) knowing that AMP M/T tires were being made for CIA.

62. Plaintiffs are informed and believe, and on that basis allege that Tri-Ace and Mr. Ma thus had the choice of: (a) either lying to Toyo about the molds and the manufacturing of the AMP M/T; or (b) revealing the truth about their involvement with CIA and the AMP M/T and destroying the revenue stream from sales of the AMP M/T, from which DDF also benefitted, and their relationship with CIA. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma and Tri-Ace chose to lie.

63. Plaintiffs are informed and believe, and on that basis allege, that Defendants specifically intended the AMP M/T tire to compete with sales of the Toyo Open Country M/T tires in the United States, and the AMP M/T tires are priced lower than the Toyo Open Country M/T in a deliberate effort to steal business from Toyo in the United States. Plaintiffs are informed and believe, and on that basis allege, that the AMP M/T tires are of poorer quality than the Toyo Open Country M/T, and thus damage Toyo's goodwill – and that of the Open Country M/T trade dress – with the consuming public in the United States.

64. On November 19, 2015, Toyo learned for the first time that DDF and QDT are manufacturing the AMP M/T and that the molds are owned by Tri-Ace and Mr. Ma.

The California Action

65. On January 13, 2014, prior to the Tri-Ace Settlement Agreement and the DDF Consent Order, Toyo filed a related litigation in the Central District of California styled *Toyo Tire & Rubber Co. Ltd. and Toyo Tire U.S.A. Corp. v. Hong Kong Tri-Ace Tire Co., Ltd. et al.*, Case No: 8:14-SACV-00054-CJC (JPRx) (the “Tri-Ace Action”). In that action, Toyo sued Tri-Ace and DDF (among others) for, *inter alia*, infringement of

1 the OPMT Trade Dress. The accused tires included the Mark Ma Tire (which also
 2 includes the Mark Ma Dakar M/T II variety). The AMP M/T tire had not been included
 3 in view of the misrepresentations relative to that tire that had been made by Tri-Ace and
 4 DDF just a few weeks prior in the December 2013 Questionnaire.

5 66. Because DDF had not entered into a Settlement Agreement with Toyo, the
 6 California case was resolved relative to DDF by DDF and Toyo entering into a March 7,
 7 2014 Stipulation with Toyo (Tri-Ace Action Dkt. 8 ¶¶ 17-20, “Stipulation”) under which
 8 DDF agreed as follows:

- 9 a. Toyo has “a protectable trade dress in the overall appearance of its Open
 10 Country M/T tires” whose “overall tread design...is arbitrary, inherently
 11 distinctive and non-functional,” and “has acquired secondary meaning and
 12 distinctiveness”;
- 13 b. DDF had manufactured the Mark Ma Tires (and with molds from Tri-Ace in
 14 view of the Questionnaire answers); and
- 15 c. that the Mark Ma Tires infringed upon Toyo’s trade dress rights.

16 67. Pursuant to the Final Judgment against DDF (Dkt. 10, “Final Judgment”),
 17 DDF and its “subsidiaries, affiliates, parents...and all persons acting in concert or in
 18 participation with [DDF]” were permanently enjoined, *inter alia*, from “[u]sing [the]
 19 Open Country M/T (“OPMT”) Trade Dress or any trade dress or tread or sidewall design
 20 confusingly similar thereto, for or in connection with advertising, marketing, promoting,
 21 distributing, offering for sale, selling or importing tires.”

22 68. The Final Judgment also enjoined DDF, its affiliates, and those acting in
 23 concert or participation with DDF, from engaging in any conduct aimed at or likely to
 24 result in diverting business intended for Toyo.

25 69. In August 2014, *after* the Stipulation and Final Judgment relative to DDF,
 26 Toyo began to see many AMP M/T tires on the market. As such, Toyo wrote a letter to
 27 DDF, and copied QDT and DGC, which attached the Final Judgment, advised them that
 28 they were all in contempt of the Final Judgment in view of its affiliate’s manufacturing of

1 the AMP M/T. At that time, Toyo was of the belief that parent company DGC had
 2 simply shifted the manufacturing of the one of the enjoined Mark Ma Dakar tires from
 3 DDF to its sister QDT and renamed the tire the AMP M/T, as the two tires were virtually
 4 identical. DDF did not respond to the letter.

5 70. The facts Toyo learned regarding mold ownership on November 19, 2015
 6 Toyo's first knowledge about Ma's and Tri-Ace's ownership of the molds for the AMP
 7 M/T. As of that point in time, it became clear that: (a) DDF had lied to Toyo on the
 8 Questionnaire relative to the AMP M/T when it failed to identify the AMP M/T as one of
 9 the tires on Exhibit 4 that it manufactured; (b) Ma had perjured himself on the Certificate
 10 of Destruction when he certified destruction of molds for the tires listed on Exhibit 4,
 11 when it was now clear that the molds for the AMP M/T had never been destroyed; (c) Tri-
 12 Ace had breached the Settlement Agreement by not ceasing production of the AMP M/T
 13 (the Manufacturer Questionnaire confirmed that DDF did the OEM manufacturing for
 14 Tri-Ace) and not destroying the molds; (d) DDF had breached the agreement formed by
 15 the Stipulation not to make tires that were not confusingly similar to the Mark Ma Dakar
 16 tire; and (e) DDF, Ma, and Tri-Ace had all defrauded Toyo with their misrepresentations
 17 relative to the AMP M/T so that Toyo would dismiss the ITC Action and the Tri-Ace
 18 Action based upon their false statements, which would allow all of them to continue to
 19 profit from the infringement of the OPMT trade dress.

20 Ongoing Infringement By Tri-Ace And The Doublestar Entities

21 71. The OPMT Trade Dress continues to be infringed by the AMP M/T tire.
 22 The AMP M/T is confusingly similar to the explicitly-enjoined Mark Ma Tire.

23 72. Both DDF and QDT have admitted to manufacturing the AMP M/T tire and
 24 with molds that are owned by Tri-Ace and/or Mr. Ma. In view of the statements of DDF
 25 and Tri-Ace in the Questionnaire, QDT and DDF sell the AMP M/T to Tri-Ace and ship
 26 the tires into Long Beach, CA.

27 73. QDT and DDF are subsidiaries of DGC. QDT and DGC are thus affiliates
 28 of DDF and are bound by the Final Judgment signed by DDF both as affiliates of DDF

1 and because they act “in concert or participation with” DDF.

2 74. Tri-Ace is bound by the Final Judgment because it acts “in concert or
3 participation with” DDF. The Doublestar Entities and Tri-Ace all act in concert and
4 participation relative to the manufacture, sale, and importation into the United States of
5 the AMP M/T.

6 75. As such, the actions of DDF, QDT, DGC and Tri-Ace have been and are all
7 in contempt of the Final Judgment.

8 **Infringement By CIA**

9 76. After production, the infringing AMP M/T tire is imported, sold, and/or
10 otherwise distributed in the United States by CIA. CIA’s business is listed as “importer”
11 at its www.wheel-1.com website.

12 77. CIA makes the tire available on its own websites such as www.wheel-1.com
13 and through various on-line retailers such as Amazon and other retailers listed on the
14 website <http://www.thewheelgroup.com/where-to-buy>. CIA even goes so far as to claim
15 to have designed the tire, as its website www.thewheelgroup.com/about-us/ states “TWG
16 proudly introduces its worldwide known privately designed wheel lines ... under ... and
17 AMP mud terrain tires.”

18 78. CIA, because of its misguided belief as to the validity and its ownership of
19 the ‘943 patent and the design therein, is fully incentivized to act as the U.S. distributor of
20 the infringing AMP M/T tire.

21 79. CIA’s importation has occurred via the Ports of Long Beach and Los
22 Angeles via foreign shippers such as Astor Port Group Limited.

23 **Alter Ego Liability Of Jinlin Ma**

24 80. Plaintiffs allege that Mr. Ma, as the founder, owner and the General
25 Manager of Tri-Ace, is personally liable for all acts of infringement and fraud as alleged
26 hereinbelow even if such acts were performed in the name of Tri-Ace.

27 81. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma and
28 Tri-Ace each was, relative to the acts hereinafter alleged, the agent of the other and were

1 acting within the scope, purpose, and authority of that agency and with the knowledge,
 2 permission, and consent of the other.

3 82. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace is,
 4 relative to the acts hereinafter alleged, a mere shell, instrumentality and conduit though
 5 which Mr. Ma carries on his business, exercising such complete control and dominance
 6 over Tri-Ace to an extent that any separateness of Tri-Ace and Mr. Ma does not exist.

7 83. Plaintiffs are informed and believe, and on that basis allege, that there has
 8 existed such a unity of interest between Tri-Ace and Mr. Ma such that any individuality
 9 and separateness of Tri-Ace and Mr. Ma has ceased and that Tri-Ace and Mr. Ma are each
 10 the alter ego of the other in the acts hereinafter alleged, and that adherence to a notion of a
 11 separate existence between Tri-Ace and Mr. Ma would sanction fraud and promote
 12 injustice.

13 84. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma has
 14 personally been engaged in an elaborate shell game with Toyo to defraud Toyo out of the
 15 benefit of its bargain under the Tri-Ace Settlement Agreement, and to assist DDF to
 16 engage in contempt of the Final Judgment from the Tri-Ace Action. Plaintiffs are
 17 informed and believe, and on that basis allege, that as General Manager of Tri-Ace, Mr.
 18 Ma executed the Settlement Agreement, Manufacturer Questionnaire and Certificate of
 19 Destruction deliberately to deceive Toyo into relenting with its multiple legal actions
 20 against Tri-Ace and DDF, intending all the while to continue to profit from the
 21 infringement of Toyo's OPMT Trade Dress rights via the production and sale of the AMP
 22 M/T tire, along with its distribution in the United States by CIA.

23 85. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma has
 24 used the corporate form of Tri-Ace to perpetrate an elaborate fraud not only on Toyo, but
 25 also on the courts. Plaintiffs are informed and believe, and on that basis allege, that Mr.
 26 Ma was aware of the DDF Final Judgment given his own involvement in the Tri-Ace
 27 Action, yet nonetheless conspired with the Doublestar Entities to supply the tires that
 28 were enjoined, and that Tri-Ace was prohibited from selling under its own Settlement

Agreement.

86. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma signed the Settlement Agreement, knowing all the while that: (a) he had transferred ownership of the '943 patent to CIA; (b) Tri-Ace and/or he had retained infringing tire molds in violation of the Settlement Agreement (and/or allowed the Doublestar Entities to retain them, which also violates the Settlement Agreement); and (c) he intended to use those molds to enable the Doublestar Entities and CIA to distribute infringing tires in the United States.

87. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma and Tri-Ace have deliberately sought to avoid their compliance with the Settlement Agreement by intentionally keeping the identity(ies) of the owner(s) of the AMP M/T tire molds (and the owner of the invalid intellectual property covering those mold designs) unknown or ambiguous.

CLAIM 1: TRADE DRESS INFRINGEMENT
BY THE AMP M/T TIRE (15 U.S.C. § 1125)

88. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87, inclusive, and incorporates them by this reference herein.

89. This is a claim by Plaintiffs against Defendants and each of them for trade dress infringement in violation of 15 U.S.C. § 1125.

90. The OPMT Trade Dress is owned by Toyo and has become associated with the Toyo brand.

91. Plaintiffs are informed and believe, and on that basis allege, that Defendants have made, used, exported, imported, marketed, sold and/or offered for sale tire products, including but not limited to the AMP M/T tires that infringe the OPMT Trade Dress in violation of 15 U.S.C. § 1125(a).

92. To any ordinary observer, and to off-road tire customers and members of the industry, the “look” of the AMP M/T is confusingly similar to the OPMT Trade Dress and, in particular, to the ornamental and distinctive “look” of the Toyo Open Country

1 M/T tires. Indeed, the tread design of the AMP M/T is virtually identical to and/or
 2 confusingly similar to that of the Mark Ma Dakar tires that DDF stipulated were are
 3 confusingly similar to and infringed upon the OPMT Trade Dress.

4 93. Tri-Ace and/or Mr. Ma has supplied molds for use by the Doublestar Entities
 5 in the manufacture of the AMP M/T tires, and has been directly involved in the
 6 manufacture and distribution of the tires to CIA and others.

7 94. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace
 8 and Mr. Ma knew and intended the AMP M/T tires would be marketed and sold in the
 9 United States, and specifically desired the tires to be marketed and sold in the United
 10 States and has taken acts to ensure that such distribution would occur.

11 95. Plaintiffs are informed and believe, and on that basis allege, that the
 12 Doublestar Entities make and thereafter sell the AMP M/T to tires Tri-Ace and/or Mr.
 13 Ma, who then re-sells the tires directly or indirectly to CIA via shipping to the United
 14 States arranged by the Doublestar entities.

15 96. Plaintiffs are informed and believe, and on that basis allege, that the
 16 Doublestar Entities also engage in their own sales and importation of AMP M/T tires to
 17 the United States.

18 97. Plaintiffs are informed and believe, and on that basis allege, that each of the
 19 Defendants have specifically intended to undermine the market for Toyo's Open Country
 20 M/T tire in the United States by selling a poorer-quality infringing substitute (the AMP
 21 M/T) at reduced cost relative to the Open Country M/T. Such acts divert sales from Toyo
 22 in the United States, infringe upon the OPMT Trade Dress, and injure Toyo's reputation
 23 (and that of the Open Country M/T tire) in the United States.

24 98. Plaintiffs are informed and believe, and on that basis allege, that even
 25 Defendants' sales of infringing tires outside the United States have a significant effect on
 26 U.S. commerce, and cause monetary loss to Toyo in the United States, as well as the other
 27 injuries discussed above in the United States.

28 99. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace and

1 Mr. Ma, in addition to directly infringing, are each contributing to infringement of the
2 other Defendants. Tri-Ace and Mr. Ma induce the Doublestar Entities to manufacture
3 infringing tires for importation to and sale in the United States (and elsewhere). Tri-Ace
4 and Mr. Ma also induce CIA to engage in infringing acts of importation, sale and
5 marketing in the United States.

6 100. Plaintiffs are informed and believe, and on that basis allege, that the
7 Doublestar Entities, in addition to directly infringing, are contributing to the infringement
8 of Tri-Ace, Ma and CIA. The Doublestar Entities conspire to have the infringing tires
9 imported and sold in the United States (and elsewhere), and induce CIA to import, sell
10 and market the accused tires in the United States.

11 101. Plaintiffs are informed and believe, and on that basis allege, that Mr. Ma is
12 liable for the same acts of infringement of Tri-Ace because all actions of Tri-Ace were
13 personally performed by Mr. Ma, and Mr. Ma is further liable as an alter ego of Tri-Ace
14 as alleged above.

15 102. CIA is liable for infringing the OPMT Trade Dress through its acts of
16 importing, marketing, advertising and selling tires that infringe the OPMT Trade Dress in
17 the United States.

18 103. Plaintiffs are informed and believe, and on that basis allege, that Defendants
19 have been aware of Toyo's Open Country M/T tire and the OPMT Trade Dress, based not
20 only upon Toyo's extensive and exclusive original sales of Open Country M/T tires for
21 over ten years, but also upon the terms of the Settlement Agreement and Final Injunction
22 in the prior action. The Defendants' trade dress infringement has therefore been, and
23 continues to be, willful and deliberate. That willfulness is underscored by the filing and
24 ownership of the invalid '943 patent that improperly purports to cover the OPMT Trade
25 Dress.

26 104. Toyo has been damaged by willful trade dress infringement by Defendants
27 in an amount to be determined at trial, including profits of Defendants and three times the
28 amount of actual damages sustained by Toyo, together with costs and reasonable

1 attorneys' fees. Furthermore, by these acts, Defendants have irreparably injured Toyo
2 and caused Toyo to suffer a substantial loss of goodwill and reputation, and such injury
3 will continue unless they are enjoined by this Court.

4 105. By reason of the above actions, Toyo is entitled to the full range of relief
5 under the Lanham Act, 15 U.S.C. §§ 1116-1118, including preliminary and permanent
6 injunctive relief against Defendants restraining further acts in violation of 15 U.S.C. §
7 1125.

8 **CLAIM 2: FRAUD AS TO TRI-ACE AND MA**

9 106. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87,
10 inclusive, and incorporates them by this reference herein.

11 107. This is a claim by Toyo against Tri-Ace, Jinlin Ma, and each of them for
12 fraud.

13 108. As alleged hereinabove, Tri-Ace and Mr. Ma deliberately misrepresented
14 and suppressed their involvement with the AMP M/T tire in response to Question 9 of
15 the Questionnaire, which had asked "Identify which, if any, of the tires listed in Exhibit 4
16 to the Settlement Agreement you manufacture other than the Accused Tires." The
17 response deliberately failed to identify the AMP M/T.

18 109. In addition, during the negotiations leading up to the Settlement Agreement
19 between Toyo and Tri-Ace, both Tri-Ace and Mr. Ma also deliberately suppressed any
20 information regarding their involvement with the AMP M/T tire.

21 110. Plaintiffs are informed and believe, and on that basis allege, that such
22 suppression was done because Tri-Ace, Mr. Ma, and the Doublestar Entities had a plan to
23 fraudulently induce Toyo to settle the ITC Action and dismiss the California Action on
24 the belief that the infringement had ceased, while continuing to secretly manufacture the
25 AMP M/T tire for sale to CIA and others.

26 111. Tri-Ace, through Mr. Ma, entered into a Settlement Agreement with Toyo
27 under which Tri-Ace promised to cease and desist from any infringement of the OPMT
28 Trade Dress (including specifically via the AMP M/T tire), and to destroy all infringing

1 molds in its possession, or in the possession of any manufacturers.

2 112. Tri-Ace, through Mr. Ma, further agreed in the Settlement Agreement to
3 cancel the '943 patent and warranted that it had the legal authority to do so. Plaintiffs are
4 informed and believe, and on that basis allege, that Tri-Ace and Mr. Ma knew when the
5 cancellation obligation was impossible to implement and that the warranty representation
6 was false because the '943 patent had been previously assigned to CIA.

7 113. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace and
8 Ma: (a) knew at the time they misrepresented and suppressed information about the AMP
9 M/T tire that such misrepresentations and suppression concerned highly important and
10 material information; and (b) had no intention of carrying out their promises in the
11 Settlement Agreement as of the time they negotiated and signed the Settlement
12 Agreement.

13 114. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace and
14 Ma made their false promises in the Settlement Agreement to fraudulently induce Toyo to
15 settle the ITC Action and dismiss the California Action on the belief that the infringement
16 had ceased, while continuing to secretly manufacture the AMP M/T tire for sale to CIA

17 115. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace and
18 Mr. Ma specifically intended that Toyo would rely on all the foregoing
19 misrepresentations, suppressions and false promises.

20 116. Toyo did indeed reasonably rely upon them to its detriment by executing the
21 Settlement Agreement, and by not pursuing the infringement matter any further.

22 117. Toyo's reliance was to its detriment because it would have never executed
23 the Settlement Agreement, or relented in pursuing the infringement, had it known Tri-Ace
24 and Ma's true intentions, and thus might have been able to stop further infringement of
25 the OPMT Trade Dress as of January 2014. Tri-Ace and Ma's fraud has thus directly led
26 to almost another two years of infringement on the AMP M/T tire that should never have
27 occurred.

28 118. Mr. Ma and Tri-Ace compounded their fraud via the subsequent execution

1 under penalty of perjury of the completely false Certificate of Destruction on August 14,
 2 2014 attesting to the destruction of all infringing molds in its own possession and that of
 3 any manufacturers. Among the molds that were supposedly destroyed were those: (a)
 4 listed on Ex. 4 of the Settlement Agreement, which included the AMP M/T tire; and (b)
 5 those defined as Accused Tires, which included the Mark Ma Dakar M/T tires.

6 119. Plaintiffs are informed and believe, and on that basis allege, that Tri-Ace/Ma
 7 knew this Certificate was false when it was executed and provided to Toyo and that the
 8 execution of the false Certificate was done for the sole purpose of preventing or delaying
 9 Toyo's discovery of the source of the AMP M/T tires and thus of their breach of contract.
 10 Tri-Ace and Mr. Ma indeed had successfully covered their tracks until the discovery less
 11 than two weeks ago as to the ownership of the molds of the AMP M/T and the
 12 involvement of Tri-Ace and Mr. Ma in the ongoing manufacturing and distribution of the
 13 AMP M/T tire.

14 120. As a result of Tri-Ace and Ma's fraud, Toyo is entitled to recover all of its
 15 lost sales, as well as all of its attorneys' fees and legal expenses incurred in conjunction
 16 with the Tri-Ace Action, the Tri-Ace Settlement Agreement, and all subsequent efforts to
 17 achieve the benefit of the bargain that the Settlement Agreement was supposed to have
 18 afforded, including all legal costs and attorneys' fees associated with the present action.
 19 Toyo is further entitled to rescission of the Settlement Agreement.

20 121. Toyo is further entitled to punitive damages against Tri-Ace and Ma on
 21 account of their intentional and willful misconduct.

22 122. Mr. Ma is individually liable along with Tri-Ace because he directly
 23 participated in the fraud and personally engaged in the negotiations and executed the
 24 documents. Ma is further liable as an alter ego of Tri-Ace as alleged above.

CLAIM 3: FRAUD AS TO DDF

25 123. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87,
 26 inclusive, and incorporates them by this reference herein.

27 124. This is a claim by Toyo against DDF for fraud.

1 125. As alleged hereinabove, DDF deliberately misrepresented and suppressed its
 2 involvement with the AMP M/T tire in response to Question 9 of the Questionnaire,
 3 which had asked “Identify which, if any, of the tires listed in Exhibit 4 to the Settlement
 4 Agreement you manufacture other than the Accused Tires.” The response deliberately
 5 failed to identify the AMP M/T

6 126. DDF also defrauded Toyo by entering into a Stipulation for Final Judgment
 7 whereby DDF agreed, on behalf of it related entities and those acting in concert with DDF
 8 - including QDT, DGC, Tri-Ace, Mr. Ma, and CIA - that it would cease manufacture and
 9 sale of tires that infringe upon the OPMT Trade Dress. DDF knew these representations
 10 to be both material and untrue at the time they were made. Indeed, the intent of DDF
 11 was to expand production of the AMP M/T to include production by its sister QDT.

12 127. DDF also specifically intended that Toyo would rely on the foregoing false
 13 assertions, and Toyo did indeed reasonably rely upon them to its detriment by entering
 14 into the Stipulation for the Final Judgment to resolve the Tri-Ace action with respect to
 15 DDF and to allow the production of the AMP M/T to expand.

16 128. Toyo’s reliance was to its detriment because it would have never agreed to
 17 the Stipulation had it known DDF’s true intentions, and thus might have been able to stop
 18 further infringement of the OPMT Trade Dress as of January 2014. DDF’s fraud has thus
 19 directly led to almost another two years of infringement via the AMP M/T tire.

20 129. DDF was successful in its efforts because only in the last 30 days has the
 21 ownership of the molds of the AMP M/T and the involvement of Tri-Ace and Mr. Ma in
 22 the ongoing manufacturing and distribution of the AMP M/T tire been discovered.

23 130. As a result of DDF’s fraud, Toyo is entitled to recover all of its lost sales, as
 24 well as all of its attorneys’ fees and legal expenses incurred in conjunction with the Tri-
 25 Ace Action, the Stipulation with DDF, and all subsequent efforts to achieve the benefit of
 26 the bargain that the Stipulation was supposed to have afforded.

27 131. Toyo is further entitled to punitive damages against DDF on account of its
 28 intentional and willful misconduct.

1 CLAIM 4: BREACH OF CONTRACT AS TO TRI-ACE AND MA

2 132. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87,
3 inclusive, and incorporates them by this reference herein.

4 133. This is a claim by Toyo against Tri-Ace, Jinlin Ma, and each of them for
5 breach of contract.

6 134. The Settlement Agreement between Toyo and Tri-Ace called for Tri-Ace to
7 cease all manufacture and sale of tires that infringed upon the OPMT Trade Dress,
8 including the AMP M/T tire. Tri-Ace further agreed that it would destroy all infringing
9 molds, including those in the possession of manufacturers. Tri-Ace further agreed that it
10 would have the '943 patent cancelled. Tri-Ace represented and warranted that it had the
11 legal ability to perform under the Settlement Agreement.

12 135. Tri-Ace has breached the Settlement Agreement by allowing the
13 manufacture of the AMP M/T tires to continue past the execution of the Settlement
14 Agreement, by not destroying the molds as required, and by falsely representing that it
15 would have the '943 patent cancelled (the '943 patent remains in full force and effect,
16 despite being invalid).

17 136. Toyo fully performed under the Settlement Agreement and is not in breach
18 thereof.

19 137. Toyo has been damaged as a result of Tri-Ace's breach of the Settlement
20 Agreement. Specifically, infringing sales and marketing of the AMP M/T tire have
21 continued, and Toyo has had to expend significant resources fighting that infringement.
22 Toyo is entitled to recover all damages afforded to it under Section 4.2 of the Settlement
23 Agreement, including a 20% royalty on infringing sales and immediate injunctive relief.
24 Toyo is further entitled to recover all of its attorneys' fees and legal expenses incurred in
25 conjunction with the Tri-Ace Action, the Tri-Ace Settlement Agreement, and all
26 subsequent efforts to achieve the benefit of the bargain that the Settlement Agreement
27 was supposed to have afforded, including all legal costs and attorneys' fees associated
28 with the present action.

1 138. Toyo is further entitled to specific performance under the Settlement
2 Agreement to enforce the obligations that to which Tri-Ace agreed.

3 139. Mr. Ma is jointly liable with Tri-Ace as an alter ego as alleged above and
4 also because he personally engaged in the negotiations and executed the documents.

5 **CLAIM 5: BREACH OF CONTRACT AS TO DDF**

6 140. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87,
7 inclusive, and incorporates them by this reference herein.

8 141. This is a claim by Toyo against DDF for breach of contract.

9 142. DDF is liable for breach of contract by virtue of its breach of the Stipulation,
10 which constituted a valid written agreement between the parties, and as confirmed by
11 DDF in ¶ 15 its Answer, by which Toyo agreed to forebear from further prosecution of
12 the litigation in exchange for DDF's promise to be bound by the Final Judgment.
13 Specifically, the Stipulation between Toyo and DDF called for DDF to cease all
14 importation, manufacture, marketing and sale of tires that infringed upon the OPMT
15 Trade Dress.

16 143. DDF has breached the Stipulation by continuing with the manufacture of the
17 AMP M/T tires for sale and marketing in United States.

18 144. Toyo fully performed under the Stipulation and is not in breach thereof.

19 145. Toyo had been damaged as a result of DDF's breach of the Stipulation.
20 Specifically, infringing sales and marketing of the AMP M/T tire have continued, and
21 Toyo has had to expend significant resources fighting that infringement. Toyo is entitled
22 to recover all of its lost sales, as well as all of its attorneys' fees and legal expenses
23 incurred in conjunction with the Tri-Ace Action, the Stipulation, and all subsequent
24 efforts to achieve the benefit of the bargain that the Stipulation was supposed to have
25 afforded, including all legal costs and attorneys' fees associated with the present action.

26 146. Toyo is further entitled to specific performance under the Stipulation to
27 enforce the obligations that to which Tri-Ace agreed.

CLAIM 6: STATE LAW UNFAIR COMPETITION

147. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87, 90-
104, 108-119, 125-129, 133-134, and 142-144, inclusive, and incorporate them by this
reference herein.

148. This is a claim by Toyo against Defendants and each of them for unfair
competition in violation of § 17200 et seq. of the California Business and Professions
Code.

149. By their actions as alleged above, Defendants conduct constitutes unlawful,
unfair, and/or fraudulent business practices of a type proscribed by § 17200 et seq. of the
California Business and Professions Code.

150. By reason of the above actions, Toyo is entitled to including preliminary and
permanent injunctive relief against Defendants restraining further acts in violation of §
17200 et seq. of the California Business and Professions Code.

CLAIM 7: DECLARATORY JUDGMENT OF PATENT

INVALIDITY

151. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87,
inclusive, and incorporates them by this reference herein.

152. This is a declaratory judgment claim for the invalidity of the '943 patent.

153. The '943 patent is based on the tread design of OPMT tire. Mr. Ma did not
design the OPMT tire tread, but attempted to appropriate the rights to that design for
himself and CIA via the '943 patent.

154. The '943 patent is invalid for a variety of reasons, under 35 U.S.C. §§ 102,
102, and 112, including the wrong inventor, a filing date some ten (10) years after the
Open Country M/T tires were first sold.

155. The continued existence of the '943 patent and is ownership by CIA,
particularly, despite Tri-Ace's promise in the Settlement Agreement to nullify or cancel
it, has created substantial, immediate and actual controversy between the Toyo and CIA
as to the validity and enforceability of the '943 patent.

156. Pursuant to 28 U.S.C. §§ 2201 and 2202, a judicial determination of the invalidity of the '943 U.S. patent is necessary and appropriate under the circumstances.

CLAIM 8: DECLARATORY JUDGMENT OF PATENT

UNENFORCEABILITY

157. Plaintiffs reallege each and every allegation set forth in paragraphs 1-87, inclusive, and incorporates them by this reference herein.

158. This is a declaratory judgment claim for the unenforceability of the '943 patent.

159. The '943 patent is based on the tread design of OPMT tire. Mr. Ma did not design the OPMT tire tread, but attempted to appropriate the rights to that design for himself and CIA via the '943 patent.

160. The '943 patent is unenforceable because of inequitable conduct on the U.S. Patent Office (“PTO”) by Mr. Ma and CIA, who were responsible for the prosecution of the application for the '943 patent and who each had a duty of disclosure to the PTO under 37 C.F.R. § 1.56. At no time during the prosecution of the '943 patent, however, was Toyo’s OPMT Tire cited to the PTO by Mr. Ma or CIA.

161. The OPMT Tire was very material prior art to the prosecution of the '943 patent because: (a) the OPMT tread design was extremely similar to the tread design of the '943 patent; (b) Mr. Ma based the tread design of the '943 patent on the tread design of the OPMT Tire; and (c) the OPMT Tire was clearly prior art because it had been on sale for ten (10) years prior to the filing of the application for the '943 patent.

162. Mr. Ma and CIA were fully aware of the OPMT Tire during the prosecution of the '943 patent and intentionally failed to cite the OPMT Tire to the PTO in order to mislead the patent examiner and obtain a patent on Toyo's design. The patent examiner was indeed misled and relied upon the omission to issue the '943 patent. But for the inequitable conduct of Mr. Ma and CIA, the '943 patent would never have issued.

163. The continued existence of the '943 patent under such circumstances has created substantial, immediate and actual controversy between the Toyo and CIA as to the

1 enforceability of the '943 patent.

2 164. Pursuant to 28 U.S.C. §§ 2201 and 2202, a judicial determination of the
3 unenforceability of the '943 patent is necessary and appropriate under the circumstances.

4 **PRAAYER FOR RELIEF**

5 WHEREFORE, by virtue of the unlawful conduct of Defendants as alleged in the
6 claims above, Plaintiffs respectfully pray for judgment against Defendants as follows:

7 A. That Defendants and each of them be adjudged to have infringed Toyo's
8 OPMT Trade Dress in violation of 15 U.S.C. § 1125(a).

9 B. That Defendants' trade dress infringement be adjudged willful and
10 deliberate.

11 C. That Tri-Ace, Jinlin Ma and DDF and each of them be adjudged to be liable
12 for defrauding Toyo.

13 D. That Tri-Ace, Jinlin Ma and DDF and each of them be adjudged to be liable
14 for breach of contract.

15 E. For an award of money damages against Tri-Ace, Jinlin Ma and in an
16 amount to be ascertained, and including but not limited to Toyo's lost sales, all of its
17 attorneys' fees and legal expenses incurred in conjunction with the Tri-Ace Action, the
18 Tri-Ace Settlement Agreement, and all subsequent efforts to achieve the benefit of the
19 bargain that the Settlement Agreement was supposed to have afforded, including all legal
20 costs and attorneys' fees associated with the present action, as well as the trebling
21 thereof. Toyo is further entitled to relief from Tri-Ace as specified in Section 4 of the
22 Settlement Agreement.

23 F. For an accounting for all profits of each Defendant derived by reason of the
24 acts alleged in this Complaint.

25 G. For an award of punitive damages against Tri-Ace, Jinlin Ma and DDF for
26 their fraud.

27 H. For an order compelling each Defendant to disgorge the amounts by which it
28 has been unjustly enriched by the acts alleged herein.

1 I. For an order rescinding the Settlement Agreement, as an alternative form of
2 relief.

3 J. That Defendants and their its subsidiaries, affiliates, parents, successors,
4 assigns, officers, agents, servants, employees, attorneys, and all persons acting in concert
5 or in participation with it be preliminarily and permanently enjoined from:

6 (1) Selling the AMP M/T tire;

7 (2) Using Toyo's OPMT Trade Dress or any trade dress or tread or
8 sidewall design confusingly similar thereto, for or in connection with advertising,
9 marketing, promoting, distributing, offering for sale, or selling tires;

10 (3) Using photographs, illustrations, or other depictions of Toyo's OPMT
11 Trade Dress or any trade dress or tread or sidewall design confusingly similar
12 thereto, for or in connection with advertising, marketing, promoting, distributing,
13 offering for sale, or selling tires;

14 (4) Using any name, mark, designation, product configuration, trade
15 dress, or other material for or in connection with advertising, marketing,
16 promoting, distributing, offering for sale, or selling tires that are likely to cause
17 confusion, mistake or deception as to source relative to any of Toyo's names,
18 marks, designations, product configurations, or trade dress, including but not
19 limited to Toyo's OPMT Trade Dress;

20 (5) Passing off its goods and/or services as those of Toyo and/or claiming
21 to have designed the AMP M/T and/or and tire confusingly similar thereto;

22 (6) Engaging in any conduct aimed at or likely to result in diverting
23 business intended for Toyo or injuring Toyo's goodwill or business reputation by
24 way of imitation, misrepresentation, false statements, advertising, fraud and/or
25 deception; and

26 (7) Unfairly competing with Toyo.

27 K. For an order from this Court compelling each Defendant to mail notice
28 letters at their own expense to all distributors, dealers, accounts, salesmen, employees,

1 jobbers, and suppliers, informing them that each Defendant has committed trade dress
2 infringement, and that Defendant has no affiliation, connection, or other business
3 relationship with Plaintiffs, and requesting that the letter recipients return to Defendant
4 for full credit or refund all of Defendant's tires using the infringing design and/or trade
5 dress.

6 L. For an order from this Court commanding that each Defendant deliver to
7 Plaintiffs for destruction all advertising, products, tires, labeling, packaging, sales
8 literature, promotional literature, owner's manuals, catalogs, displays, boxes, packages,
9 and other trade pieces within their possession or control and which use or display the
10 infringing design and trade dress.

11 M. That a constructive trust imposed on all revenue, income and things of value
12 derived by each Defendant in the marketing and selling of tires using imitative tread
13 designs, trade dress and marks, including the tread design and trade dress complained of
14 in Complaint.

15 N. For a declaration that U.S. Design Patent No. D691,943 is invalid and/or
16 unenforceable.

17 O. For judgment, relief, and requests as set forth in this Complaint.

18 P. For an award of reasonable attorney's fees, prejudgment interest, and costs
19 of this action.

20 Q. For such other, further, and different relief as the court deems proper under
21 the circumstances.

22 Dated: December 29, 2015

23 /s/ *William J. Robinson*
24 William J. Robinson
FOLEY & LARDNER LLP

25 **Attorneys for Toyo Tire & Rubber Co.,
Ltd. and Toyo Tire U.S.A. Corp.**

DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38(b), Plaintiffs Toyo Tire & Rubber Co., Ltd. and Toyo Tire U.S.A. Corp. hereby demand a trial by jury of all issues so triable.

Dated: December 29, 2015

/s/ William J. Robinson

William J. Robinson

FOLEY & LARDNER LLP

Attorneys for Toyo Tire & Rubber Co., Ltd. and Toyo Tire U.S.A. Corp.